

EXHIBIT 22

FINAL TRANSCRIPT

Thomson StreetEvents™

CVS - Q3 2008 CVS Caremark Corporation Earnings Conference Call

Event Date/Time: Oct. 30, 2008 / 8:30AM ET

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Oct. 30, 2008 / 8:30AM, CVS - Q3 2008 CVS Caremark Corporation Earnings Conference Call

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PRESENTATION

Operator

Good morning. My name is Dennis I will be your conference operator today. I would like to welcome everyone to the CVS Caremark Corporation's third quarter earnings conference call. All lines have been placed on mute to prevent and background noise. After the speaker's remarks, there will be a question-and-answer session. (OPERATOR INSTRUCTIONS.)

I will now turn the call over to Ms. Nancy Christal, Senior Vice President of Investor Relations for CVS Caremark Corporation.

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Nancy Christal - CVS Caremark Corporation - IR

Thank you. Good morning, everyone. Thank you for joining us today for our third quarter earnings call. I'm here with Tom Ryan, Chairman, President and CEO of CVS Caremark and David Rickard, Executive Vice President and CFO.

Today's call will be a little different from our past calls. Given the extreme volatility and undo pressure on share price, we want to take the opportunity this public forum presents to answer key questions on the minds of investors. Following some opening remarks, Tom will answer the top questions we will be hearing head on, and then Dave will address the questions most companies have been getting lately, what is our credit and liquidity position. Dave will provide a financial review of the third quarter and guidance for the year. Then we'll take your questions. We ask that you limit yourself to one to two questions, including follow up so we can get to as many analysts and investors as possible.

For your information, we expect to file our 10-Q for the quarter by the end of the day tomorrow and it will be available through our website at investor.cvs.com. Given that we complete our annual budget late in the year, our practice is to provide guidance for the next year on our fourth quarter call. Our fourth quarter call will be held on February 19. The timing of this year's fourth quarter call will be later than usual, due to the reporting calendar change we told you about on our first quarter 2007 call following the completion of the CVS Caremark merger.

As a reminder, CVS historically has been reporting its financial results on a 445 retail calendar, the leftover from the days when CVS was part of Melville. Year-to-date, we reported the old [role] company on that basis. Other retailers and health care providers, including our primary peers, report on a calendar year basis, as did Caremark prior to the merger. As we told you last year, our plan is to report the combined company on a calendar year basis beginning in the fourth quarter of this year.

Now this morning, we will discuss some non-GAAP financial measures in talking about our company's performance, (inaudible) low EBITDA and adjusted EPS. In accordance with SEC regulations, you can find the definitions of the non-GAAP items I mentioned as well as the reconciliations to comparable GAAP measures on the investor relations portion of our website at investor.cvs.com. As always, today's call is being webcast on our website. It will be archived there for a one-month period after the call to make it easy to make it easy for all investors to access the call.

Before we continue, our attorneys have asked me to read the Safe Harbor Statement. During this presentation, we will make certain forward-looking statements that are subjects to risks and uncertainties that could cause actual results to differ materially. (inaudible) for these forward-looking statements, we claim the protection of the Safe Harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. We strongly recommend that you become familiar with the specific risks and uncertainties that are described in the risk factors section of our most recently filed annual report on form 10-K and that you review the section entitled cautionary statements concerning forward-looking statements in our most recently filed quarter report on form 10-Q. Now I will turn this over to our CEO, Tom Ryan.

Tom Ryan - CVS Caremark Corporation - CEO

Good morning, everyone. I'm happy to report that despite the difficult macroeconomic environment, we posted solid third quarter results, right in line with our plan. In the third quarter, we achieved record sales, record operating profit, record earnings per share, and record cash flow.

Even in these difficult and uncertain times, we continue to gain share in our retail business, our PBM continues to retain existing clients and attract new ones. We successfully completed the tender for Longs and we will close the acquisition actually today. We will improve the profitability of Longs, and this acquisition will be a medium and long-term contributor to our retail and our PBM businesses. We ended the quarter with over 540 minute clinics, more than any other competitor and we have plans in place that we expect will continue to improve clinic returns. Lastly, our strong balance sheet and cash flows will continue to provide us with ample liquidity, which is especially important during these turbulent times.

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Basically, we're in pretty good fighting shape. Nevertheless, with all the turmoil in the markets, some challenging questions are being asked about our business, that deserve to be answered. Let me address the top ten questions directly.

Number one, why is script volume growing slowly and slowing down industry wide, and what are the long-term implications? While we do question some of the completeness of the EMS data, there is no question our ex-growth trends have slowed over the last two years. There are several reasons for the slowdown. One, prescription antihistamines that switched to over-the-counter status. Notably, [zertech] in January '08 are having a notable impact on our comps; in fact, it's about 80 basis points year to date. We will cycle this in February of '09.

Two, black box warnings and general safety concerns. Drugs like [Vioxx, Celebrex], et cetera and more recently, some of the antidepressants, have had a negative impact on comps. Three, a weak brand pipeline, the slow FDA approval process and the pullback of big pharm's marketing efforts are also factors. Number four, consumers are being asked to bear more costs than they have in the past. The average copay today for prescriptions is \$25 versus \$15 in 2000. That also affects utilization. And then you have some seniors who enter the doughnut hole in mid D, may begin to stretch their meds out.

Lastly, while it's difficult to measure the impact, recent statistics show that the weak economy has led to fewer doctor visits and more self medication which obviously results in fewer prescriptions being written. But in fact may perhaps explain the growth of the over the counter health category, and the fact that cough and cold business is up almost 10% year to date. Despite these headwinds, we continue to grow and gain pharmacy share. The proof is in the numbers.

Pharmacy comps in the third quarter were 3.8%, outpacing our competition. In fact, we led the way in pharmacy comps in the first quarter, the second quarter and the third quarter of this year. I expect our pharmacy comps to accelerate in the fourth quarter versus the third quarter, due to easier comparisons and continuing share gains for our company.

So, while pharmacy growth trends have definitely slowed, some of it is due to cyclical one time events. Now I can't predict the future, but I'm pretty sure Americans will continue to get sick, continue to grow old and use prescription medications. Payers and patients understanding the appropriate use of prescriptions, is critical to reducing overall health care costs. We will continue to gain share because we have convenient locations and store hours. We have the best store in-store execution. We have excellent service. We have a successful customer loyalty program. We have upside from previous acquisitions, and future file buys. And we will benefit from our unique PBM relationship with payers and patients.

Question two, how is the slowing economy and financial crisis affecting your front store sales? Obviously it's no secret that consumer sentiment is at an all time low. It does affect front store sales a bit, as people trade down in sizes and actually purchase less discretionary items. You need to remember that true discretionary sales make up only 15% of our front store sales, or less than 3% of our total Company revenues.

Despite the economy, our third quarter front store comps were very strong at 3.3%. Our performance has led the industry as we continue to gain share versus food, drug, and mass competition in categories that make up 85% of our store volume -- our front store volume. I expect front store comps in the fourth quarter to be better than the third quarter, once again, due to relatively easy comparisons and continued share growth from new programs and categories. And new programs such as the 4 million Extra Care cards we have in the marketplace.

Let me make a few observations about our front end business. First, we have not increased our overall level of promotion from our original plan. In fact, front store margins continue to be very solid, helped by private label, shrink control and our Extra Care card. Private label sales continue to grow, that's driven by execution as well as the fact that consumers are more willing to try private label in this economy. Our private label sales continue to grow. That's driven by execution as well as the fact that consumers are more willing to try private labels in this economy. Private label reached 15.5% of our front store sales, up 111 basis points versus last year, and we have grown sequentially as a percent of our front store sales throughout the year.

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Remember like pharmacy generics, growth in private label negatively impacts comps, but it helps our front store margins. On the flip side, our front store comps are benefiting from front end inflation, which we think added about 1 point to 1.5 points to the front store comps. This will wane as commodity prices decrease going forward. We are doing well, given the cautious consumer. Given all of the above, I expect total comps in the fourth quarter to be in the 3.5% to 5% range. That translates in the comps for the year of 3% to 5%, slightly lower than we thought due to higher than expected private label sales as well as the consumers trading down in this economy.

Third question, why is the performance of our PBM trailing our peers this year? We have a few unique comparisons this year versus our independent PBM competitors. First, the loss of \$2.5 billion FEP mail specialty contract. Second, the outsized price compression from a \$4 billion FEP retail contract, going from its third year to its first year in economics. Third, our med [DPDP] business is significantly larger than our stand alone PBM peers. It will impact us more, both up and down.

As you know, we experienced higher than expected utilization and some adverse selection this year which impacted Med D margins. I will say if you look at the managed care competitors in the PBM space, our margins and trends are much better. It is clear that our PBM EBITDA growth on a comparable basis has been flat this year. But if you adjust for the loss of FEP and specialty, we had solid revenue and EBITDA growth.

Question four, it's a follow up. The Med D business has caused you to reduce PBM's gross margins expectations for this year, how is it doing and how will it look next year? The Med D business is complex and relatively new and seems to cause a lot of confusion. I want to try to explain our business better than we have in the past. In our Med D business, we operate a PBP called Silver Script which is a wholly owned subsidiary. We also have a 50/50 joint venture with Universal American in a PDP called Prescription Pathway. And thirdly, we provide PBM services to both Silver Script and Prescription Pathway. So together, this forms what we call our Med D business which generates about \$2 billion in revenue. In total, our Med D business has about 1.1 million lives this year. It's comprised of 550,000 lives in Silver Script and 530,000 lives in Prescription Pathway for which we get half the economics.

As we previously announced, the joint venture with Universal American will be splitting up at year-end. We will consolidate our portion of the lives into Silver Script. The joint venture will be divided such that we maintain roughly a 50/50 split of the economics. As you know, open enrollment for the nonduals begins November 15. We anticipate that will have over 850,000 lives in our Silver Script PDP in '09. Add approximately 500,000 additional lives from the Longs Rx America PBM, and we should have well over 1.3 million members in '09.

Our Med D business will be profitable for the full year. In fact our Med D business was profitable for the first half of the year. What was not profitable in the first half of the year was our PDP, the insurance piece of the Med D business. However, our PDP will be profitable in the second half, and that reflects the seasonality of the business.

Let me explain. In the first half of the year, a PDP typically pays out more in Rx claims than it gets in premiums. In the second half of the year, as more people enter the doughnut hole, we pay less in Rx claims while we receive the same amount of premiums, hence the seasonality. The accounting rules don't allow us to smooth that out. We recognize losses and gains as they occur in each quarter. This should follow a similar pattern every year.

When we bid for 2009, we in fact raised our insurance premiums and changed plan designs. An example would be we had a zero deductible plan that we move to a \$50 deductible. We did this in light of the utilization we saw this year. We expect less adverse selection in '09. We also expect to pick up dual eligibles. As a result, our Med D business as I just defined it, is expected to be slightly more profitable next year.

Another key question we get related to PBM is, are the new proactive pharmacy care offerings gaining traction with clients. The short answer is a resounding, yes. I will touch on Maintenance Choice first since this gets most of the air time.

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To date, 137 clients have signed up for Maintenance Choice for a January '09 start, representing about 2 million lives. That's a pretty significant uptick for a brand new health care offering. We have many other clients who are actively interested and may go live if the second half of '09.

Maintenance Choice offers the economics of mail with the convenience of retail. It's called Maintenance Choice because members are free to choose how they receive their 90-day maintenance medication at CVS Pharmacy or through Caremark mail. It wouldn't surprise me given this economy if more companies don't opt for mandatory mail programs, especially with Maintenance Choice as a big selling point.

Next is our Extra Care health card which provides a significant discount on CVS private label FSA eligible OTC products to Caremark member whose elect to participate. As I said earlier, we have 4 million cards out this year and expect to add another 6 million next year. The offering is attractive to clients as a way to provide savings to members while providing a unique platform to personalize messaging for at-risk populations, such as diabetics, people who are hypertensive, as well as targeting members for wellness and prevention programs. While it's early, we are beginning to see share gains both in front store and pharmacy from customers who have the Extra Care health card.

The other example I will give you is proactive medication engagement programs, which are delivering incremental scripts as we look to improve adherence rates to appropriate drug regimens. This will keep people healthier and lower overall health care costs. We view this as a big opportunity because there are significant gaps in pharmacy care in this country. You may have heard the statistics, but 30% of the people never fill their first prescription. Of those who do, 30% drop off after the first refill and an amazing 50% drop off after the first year.

These gaps lead to significant increases in health care costs for employers and government. These payers often bear the cost of illness and disease attributable to member noncompliance. Our local CVS pharmacists can intervene with customers face-to-face and when that's not possible, they can reach out via the phone. These interactions have led to significantly better outcomes than outbound phone calls from a call center. We are leveraging our broad and unique touch points with patients, and our single view of the patient to grow our business and to lower health care costs for our clients.

Now onto the sixth question, what are the results of the 2009 PBM selling season? We have completed about 90% of the contracts that were up for renewal this year. On the last call, we told you we had won contracts with — first 12 month revenues of \$4.3 billion. We've made continued progress since then and I can report we won contracts with first 12 month revenues of \$5.2 billion now. We've added \$900 million since our last call.

We've had a very successful selling season on the employer side with over 98% retention, and significant new wins that you've heard about. In total, we've won close to 90 new clients this year. I would say our models working.

Unfortunately, we also saw some significant losses, including the \$2.5 billion of Med D business that was discussed on the last call. We also had of large accounts that were lost due to acquisitions by managed care companies; obviously, the Well Point and Humanna acquisitions. And we lost some other small health plans and Med D accounts where pricing didn't make sense to us. Normally by the third quarter, the selling season is basically complete. This is certainly the case for our renewals and new customers starting January 1, but the mid-year pipeline is stronger this year. Net new business for the '09 selling season could actually improve and we will keep you posted on that.

But let me summarize where we are at this point in time. The \$5.2 billion in the first 12 months revenue will have an impact on 2009 revenues of about \$4.5 billion. The \$4.5 billion in '09 incremental revenues is nearly offset by the known terminations. For 2009 revenue impact perspective, the wins and losses are in fair balance. If nothing else changes from where we are now, we expect PBM revenues to be up some next year due to utilization and inflation.

Another top of the mind question we are getting is, given the turmoil in the financial markets, and the economy, why are you buying Longs now; and in fact, why are you buying Longs at all? First, this was an opportunity to acquire hundreds of quality

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locations in real estate markets that are difficult to penetrate. And it would have taken us at least ten years to replicate this in these markets. We saw the opportunity and took advantage of it.

The acquisition makes us number one retail drugstore chain in California and Hawaii. And it strengthens our position in Arizona and Nevada. Longs distribution centers in California and Hawaii will also be valuable additions to our distribution network.

Second, we expect to improve the profitability of Longs stores, just as we have with Eckerd and Sav-On. This is not a great time given the macro economic conditions, especially in California but the economy will come back. When it does, the new CVS pharmacies will be ready. Third, Longs operates a successful PBM, Rx America. We will integrate Rx America's PBM and PBP business into our own over time. We expect this business to be a nice compliment to our PBM.

Also by accelerating growth in these key geographies, we help our PBM clients and facilitate the rollout of our new proactive pharmacy care offerings. We still expect the Longs transaction to be \$0.01 to \$0.02 dilutive to adjusted EPS in '08. In light of the weak California economy, we will conservatively increase our '09 dilution estimate by a penny to \$0.06 to \$0.07.

I remain confident that the deal will be \$0.04 to \$0.05 accretive to adjusted EPS in 2010 and accreted to adjusted EPS in the low digits in 2011 — low double digits in 2011. As for our integration plans, we will not disrupt the stores during the holiday season for obvious reasons. The integration will start in the first quarter of '09.

Here is a timetable for some of the key events. Store system conversion will start March 1 and completed by the end of May. Corporate office will close by the end of the summer. I would say 80% of it should be shut down by June. Resets and remodels will start mid March and be completed by mid October. And then the name change events should be completed by the end of the third quarter. Longs will be full integrated by the fourth quarter of '09.

The eighth question, what progress have you made with minute clinic and when will that business be profitable. Since its inception, minute clinic has handled over 2.4 million patient visits. We've treated 280,000 patients in the third quarter of the this year alone. More than 20% of those patients have never been in to a CVS pharmacy. With high customer approval ratings, we remain convinced we are filling a need for a convenient high-quality low cost health care alternative. At the end of the quarter, we had 541 clinics in 27 states and we're on track to have 560 clinics by year end.

We entered three new markets this quarter, we also opened up two clinics on a corporate campus and expect to open up three more corporate clinics in the fourth quarter. As we said before, the utilization of the clinics, especially in newer markets has been slower than we planned. Our focus has shifted from just growing the clinics to increasing utilization and growing revenues. First, while we have more clinics than anybody in the US, consumer awareness of the clinics, is still relatively low. We will begin to leverage our retail advertising spend to drive clinic awareness.

Second we will expand our offerings. We've added wellness and prevention services, such as health care screenings, smoking cessation and camp physicals, just to name a few. We also currently have a pilot underway, where we are leveraging our minute clinic operations to provide training for our specialty customers on certain injectable medications with a possible rollout in the second half of '09. Third, we are focused on contracting with more payers. We've added 39 million available lives to our network in the third quarter. Approximately 70 percent of minute clinic visits were third party paid in the quarter. Payer support for retail clinics continue to grow. In fact, there was a recent [blues] plan that eliminated copay for members that use the clinics. Their data shows that members and employees saved up to \$1.2 million in health care costs in '07, just by using the clinics.

As we've said before, minute clinic is in investment mode. While we expected to invest \$0.03 to \$0.04 per share in '08, the investment this year is closer to \$0.05. I expect to invest \$0.05 next year and to breakeven in 2010.

Question nine, it seems like every drugstore, supermarket and mass player offers a low cost generic program. Do you plan to respond? The answer is yes. On November 9, we will launch a new Rx health savings pass which will allow customers to purchase 90-day supplies of over 400 generics for \$9.99.

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How does health savings pass differ from other programs? First, our focus is on 90-day supplies of maintenance generics only. Second, our enrollment fee of \$10 and a \$9.99 price for a 90-day supply is a terrific value and one of the best in the marketplace. Third, our health savings pass will include a 10% discount at minute clinic. Fourth, our customers can earn extra bucks with their health savings pass.

Let me be clear, I've told you that we haven't seen a material share loss due to our competitors \$4 generic program and that's still the case today. The obvious question is why now? We are in the middle of what is an understated difficult economic crisis to say the least. People are struggling with health care costs more than ever before, especially the under and uninsured. We felt it was the right time to offer a differentiated affordable option. Given the enrollment fee and the fact we expect some share gain, and increased foot traffic, we think the Rx health savings pass shouldn't cost us more than \$0.01 or so per share on an annual basis.

Last but not least, question number ten, can you tell me about your liquidity and access to credit in these markets. I'm going let Dave address that before his financial review, and then we will be back for closing remarks and some Q&A.

Dave Rickard - CVS Caremark Corporation - CFO

Thank you, Tom. Good morning, everybody. I'm happy to address the question of our liquidity and access to the credit markets in view of the difficulties reported by some companies in these turbulent times. The news is good for CVS Caremark.

The Company is on solid footing and will be able to meet all obligations, both current and perspective. We have well lettered public debt and a successful \$4 billion commercial paper program, fully backstopped by committed bank credit facilities. These facilities are syndicated to a wide array of many of the best financed banking institutions in the country.

The obligations of these banks are contractual and those contracts were recently reviewed by outside counsel to assure us that they're tight agreements with no unusual conditions, giving the banks discretion not to fund if we ask them to. In the simplest form, if the CP markets were to freeze for an extended period, we have the ability to draw on the bank lines and be fully financed. We have Board approvals in place to enable us to be agile in dynamic market conditions, but those are the basics.

We demonstrated our access last week when we were able to fund successfully the Longs acquisition with a combination of the bridge loan facility, cash on hand and commercial paper. Unlike some companies lately, we did not need to draw on our back-up bank facilities. We had billions available to us that we simply didn't need. We continuously evaluate our capital structure, and given the strong cash flows of the Company, we are in a very good position right now. There are many companies out there that cannot say the same.

Now onto the review of the quarter. I'll walk you through the third quarter financial reports with a emphasis on the segment details. Afterwards, I'll provide guidance for the balance of the year. In the third quarter, total revenues on a consolidated basis increased 1.8% to \$20.9 billion. This number is net of inter segment eliminations of \$1.2 billion.

In our retail drugstore segment, revenues increased 5.3% to \$11.5 billion. Same store sales for the quarter were up 3.7%. As Tom highlighted, front store comps were up 3.3% while pharmacy same store sales were up 3.8%. New generic introductions reduced pharmacy comps in the third quarter by approximately 280 basis points.

PBM net revenues of \$10.6 billion were down 1% to 2007 third quarter revenues. Adjusting that growth for the impact of generics, net revenues would have grown 6.2% for the PBM. The impact of the change in PharmaCare's revenue recognition method in the third quarter was the addition of \$429.6 million in reported revenues before inter company eliminations and \$328.1 million after inter company eliminations. Given the PharmaCare change commence in September 2007, this change is now been completely cycled.

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In the quarter, PBM total retail network revenues \$6.8 billion, rising 6.6% from 2007. The PBM's retail generic dispensing rate increased to 66.1%, compared to 61.6% in the third quarter of 2007. Retail network claims grew 2.7%.

As with the previous few quarters, this was largely driven by new business. ERS being the prime among the new clients. It also benefited from the growth spurt in our Med part D business and add-on lives from existing clients.

As expected, mail claims decreased for the quarter by 20.2% as with the first two quarters of this year. The impact of new clients was more an offset by the well-known terminations that commenced in January of this year. Total mail revenues declined 12.9% to \$3.6 billion. And within total mail revenues, PBM mail was down 22.9%, compared to the third quarter of 2007 while our specialty mail revenues increased 6.6%

If you exclude the FEP business from last year's data, total mail revenues decreased by 3.7%, reflecting generic conversions while specialty revenues grew 16.7% in the third quarter. The mail generic dispensing rate rose to 55.2% from 49.0% a year ago or 620 basis points. Our overall mail penetration rate decreased approximately 5 points from 2007's third quarter to 23.3%. Again this was largely as a result of the absence of the FEP mail business.

Moving on to gross profit margin for the total company, the overall business expanded by 61 basis points over the third quarter of 2007 to 21.1%. Within the retail segment, gross profit margins were up more than 60 basis points, improving to 30.4%. Like past quarters, the primary drivers of these were the following; first, the 436 basis point increase in the retail generic dispensing rate to 68% of scripts filled. Second, increased private label penetration as consumers traded down.

Third, the benefits from the Extra Care program that allow us to more proactively target our best customers. And finally, fourth, improved shrink. We've cycled the vast majority of the purchasing synergies related to last year's merger, so the positive comparative impact from them this past quarter was greatly diminished. Growth profit margins in the PBM segment came in at 8.4%.

That's down approximately 30 basis points versus the 2007 third quarter. Excluding the 35 basis point drag from the conversion of PharmaCare's contracts, the gross margin in the PBM would have been up approximately 5 basis points. As with the retail business, the PBM pharmacy margin benefited from an increase in the use of generic drugs while the incremental boost from the merger related purchasing synergies waned as they were cycled.

What about expenses? Overall, operating expenses as a percent of sales improved 20 basis points. In the retail segment, operating expenses decreased as percentage of sales from 24.1% to 23.4%. Along with disciplined expense control, this was driven by the continued improved expense leverage in the Sav-On and Osco stores we are experiencing even now, two years after we purchased them. Somewhat offsetting this, was the large growth in generics which pressures sales dollars while improving profitability.

In the PBM segment, comparable operating expenses as a percentage of revenues improved by approximately 20 basis points to 2.2%. This was largely driven by solid expense control in the core PBM operations. All things considered, we saw significant expansion of our operating margins, specifically in the retail segment. The operating profit margin in the retail segment grew by 139 basis points over 2007 to 7.0%.

The PBM segment's operating profit margin was down 15 basis points from 2007's comparable results to 6.3%. Caremark's industry leading EBITDA per adjusted claim increased to \$4.27 in the third quarter. That's up 1.2% over last year's comparable \$4.22, or plus 7.6% from the second quarter. However, the loss of the FEP mail service contract obviously had a major impact. Excluding FEP mail, EBITDA per adjusted claim was up in the high single digits versus last year.

Moving onto the rest of the income statement, we saw quarterly net interest expense on the consolidated income statement decrease to \$113 million or by 8 basis points as a percentage of revenues. This reflects primarily the more favorable short-term rates we experienced year-over-year in the third quarter and impact these had, especially on the three-year floating rate note

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we placed May 2007. Our tax rate was 39.5% in the quarter, and our diluted share count was 1.47 billion shares. As with the second quarter, the shares are down considerably from last year's third quarter, due to the timing of the commencement of last year's share buy back program which occurred during the fourth quarter of 2007. During this year's third quarter, we did not repurchase shares. As we said in August when we announced the Longs tender offer, we have delayed the remaining portion of our current 2 billion share buy until the latter half of 2009 in order to fund the acquisition.

Before I move on to earnings per share, I want to discuss the latest development in our discontinued operations. Many of you know that as of a few weeks ago, Linens and Things, the former subsidiary of CVS's former parent company Melville is now in liquidation. At the time of the Melville restructuring, CVS Corporation assumed a contingent liability for leases of several former Melville businesses including Linens. Due to the liquidation, our real estate team has assessed the expected cost of satisfying the lease guarantees for the Linens stores that are closing. The loss from discontinued operations of \$82.8 million, you see on our income statement for the third quarter, represents our estimate of the impact of the rest of these closings, net of income tax benefits. This should be the full extent of our loss from Linens and I will point out again that this is simply not big enough to throw CVS Caremark off track. Yes, it's unfortunate and yes, there is some cash impact, but that's it. Keep in mind that our full year earnings guidance will exclude this impact from Linens and Things.

Putting discontinued operations aside, what does this mean for CVS Caremark? Adjusted EPS from continuing operations rose 20.4% to \$0.60, up from \$0.50 in 2007. GAAP diluted EPS from continuing operations rose 23%, to \$0.56 for the quarter, compared to \$0.45 in the third quarter of 2007.

Turning to the other financial statements, we generated \$386 million in free cash flow in the quarter and \$892 million year-to-date. Net capital expenditures \$401 million in the quarter which reflected proceeds from sale lease backed transactions of \$127 million netted against the gross capital spend. Let me take this opportunity to talk about our remaining plans for this year's sale lease back program.

Those of you who have been following the retail side of the business for awhile, know we typically bundle our current crop of newly developed stores together in the fourth quarter, and go to the sale lease back market in order to monetize the stores. Given the recent choppiness in this market, we've decided to delay our sale lease back probably to next year. Most likely, it will involve several transactions throughout the year rather than one big one at some point. I believe we can agree this is the prudent course of action in order to avoid locking in 20-year obligation at peak embedded interest rates. We will continue to assess the market conditions and the associated spreads, and will update you as we move forward.

Of course this means that our free cash flow in both 2008 and 2009 will be affected. Accordingly, we anticipate shifting approximately \$650 million from 2008 into 2009. This in turn affects our ability to fund the business or the Longs acquisition as we have ample cash flow from operations to do both. With this in mind and noting that our free cash flow in the third quarter was \$386 million, our current forecast for 2008 free cash flow stands at approximately \$2.3 billion. Of course we get that \$650 million back in 2009, free cash flow.

Where will earnings come out this year? I'm going to first give you guidance excluding Longs to be consistent with our previous statements about the business. Then I will review the impact of Longs and pull it together.

For the full year, we expect revenue growth for the total Company of about 13% to 15% after inter company eliminations of over \$5 billion. For the PBM segment on a comparable basis, we continue to expect full year revenue growth to be about flat to 2007, but well over 20% on a GAAP basis. For the retail segment, we expect revenue growth of between 6% and 9% for the full year. As Tom said, our comp guidance for the full year is 3% to 5%.

We've gotten questions on why the GAAP between total sales and comp sales is a little wider this year. Remember that our total sales guidance includes an extra 4 days of operations in the fourth quarter versus 2007. As Nancy reminded you earlier, this is the quarter in which we switch from our retail calendar to a monthly calendar, and as such, our quarter and year-ends will be December 31 rather than December 27. Now let's turn to margins. For the total Company, gross profit margins are still expected

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the be down modestly due to the mix impact as we average in a full 12-months of Caremark. We continue to expect PBM gross margins to be down somewhat from last year's rates, and gross margins for the retail segment to increase by at least 75 to 100 basis points.

As for expenses, we still expect total Company operating expenses as a percentage of revenues to improve significantly, again, that's largely due to mix. Total operating expense as a percentage of sales for the PBM segment on a comparable basis, is still expected to be rather flat to 2007's numbers, as we continue to see good expense control. This is being directionally offset by the 2008 start-up costs of the new business Tom highlighted.

The retail segment continues to exercise disciplined expense control, so we still expect it to show moderate improvement. We expect total consolidated amortization for 2008 to be approximately \$400 million, and depreciation to be approximately \$850 million. All of that should lead to solid improvement in operating profit margins for the total Company. I continue to be optimistic about surpassing our operating margin highwater mark of 6.6% we achieved in the year 2000.

Despite the volatility in the credit markets, we still forecast net interest of about \$475 million to \$500 million. And we believe our tax rate should approach 40%. Given the delay of our sale lease back transaction, net capital expenditures are now expected to be in the range of \$1.9 billion to \$2 billion for 2008. This merely reflects the absence of the approximately \$650 million of sale lease back proceeds and does not imply any changes in our capital spending program. As a result as I mentioned before, our free cash flow is expected to be roughly \$2.3 billion before Longs.

How does all of this roll up for 2008? For core CVS Caremark, our previous guidance for adjusted EPS from continuing operations was a range of \$2.44 to \$2.50. Given the magnitude of financial and consumer pressures that we're seeing in the marketplace, the top end of that range no longer seems likely. I'm going to take \$0.02 off the top.

The new guidance range for adjusted EPS from continuing operations is therefore, \$2.44 to \$2.48 before Longs. As Tom reminded you earlier, Longs expected to be 1% to 2% dilutive to adjusted EPS for 2008. Adding that to the core creates a guidance range for adjusted EPS from continuing operations, including Longs, of \$2.42 to \$2.47. At this point, you should adjust your models to include Longs; it's now part of the Company.

The free cash flow impact of Longs in 2008 is a use of about \$150 million. That moves the free cash flow guidance to \$2.2 billion, including Longs. With that, I will turn it back to Tom for some closing remarks.

Tom Ryan - CVS Caremark Corporation - CEO

It was a solid quarter across all of our businesses with a 20% plus growth in earnings. In any environment, that's really good growth. In this environment, I think it's terrific growth and is right in line with our plan. I'm pleased with the strength of our company.

That doesn't mean we won't have our share of challenges, but we continue to make investments so we'll be well-positioned for the long term for share gain and improved shareholder returns. The Longs integration team has hit the ground running. We look forward to working with our new colleagues and completing another successful integration in '09, one that will provide a significant upside for our retail and PBM businesses. Our new proactive pharmacy care offerings are being adopted at an accelerating pace. The next few years will be an exciting time for our company as we transform pharmacy health care. Now I will be happy to take your questions. Thank you.

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QUESTIONS AND ANSWERS

Operator

(OPERATOR INSTRUCTIONS.) Your first question will come from the line of Tom Gallucci with Merrill Lynch.

Tom Gallucci - Merrill Lynch - Analyst

Good morning, I appreciate the format and the detail today. Going back to the PBM wins and losses -- revenue neutral. In the past, you've given color on the mix of the business, particularly the mail order mix that seemed positive in the past. Can you update us on that at this point?

Tom Ryan - CVS Caremark Corporation - CEO

Think we will have a higher mix of mail order clients. The clients that we signed on, especially in the employer arena are typically have a higher mail penetration. That will be the case for '09.

Tom Gallucci - Merrill Lynch - Analyst

Then the follow up. Just turning to the retail business quickly, we're pretty much through the month of October at this point. Any color that you can offer on the front store trends, given that the credit crunch started late September. Just an update there. Thank you.

Tom Ryan - CVS Caremark Corporation - CEO

Our October numbers are pretty good and better than the second quarter. The Halloween selling season is off to a pretty good start. Most of it happens in the last few days, which we are in now. We are pleased with actually the season, which is the one that you worry about. That's the discretionary spend in our front end of our stores. We're pleased about it. Overall, given the consumer sentiment and where the economy is, we are happy with our front end business -- what we did in the quarter and where it is now.

Tom Gallucci - Merrill Lynch - Analyst

Thank you.

Operator

Your next question will come from the line of Scott Mushkin with Jefferies.

Scott Mushkin - Jefferies & Co. - Analyst

I was wondering -- poking at little bit more at that Maintenance Choice. Tom made comments on that. Your beta testing it now. I was wondering if you had any results that you wanted to share about 90-day utilization and whether you think you're going to have enough data as we approach the new selling season in February of '09. When are you going to have enough data to show prospective new clients the power of the combined organization.

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Tom Ryan - CVS Caremark Corporation - CEO

A lot of the clients had mandatory mail and it's obviously, an offering that's makes it easier for their employees to use. As I said earlier, I do believe that companies have a difficult time doing mandatory anything. We are no different as our company. I think what you see is companies may be willing to move to a mandatory mail program with this offering. We do see an increase in share and we see 90-day at retail continue to increase due to this program.

Scott Mushkin - Jefferies & Co. - Analyst

Then one thing you didn't talk about that I get questions on is the Detroit/Chrysler and what impact that could have on your numbers as we move forward.

Tom Ryan - CVS Caremark Corporation - CEO

We have the Chrysler employees, and the competitor has Ford and GM. Obvious -- there is a lot of moving parts. A lot could happen when this comes out if it does happen. They could have an RFP come out for a new contract for the entire combined company. We think there is always -- when you have a situation like this, this would be new ground if Chrysler and GM got together.

I think they will probably try to have less disruption in their benefit plans. They could just keep us and keep the existing PBMs where they are for the remainder of the time -- extend the contract. You have the [DIVA] coming up in 2010. There is a lot could happen. We are not that worried about it.

I think it will play out and we will be in contention to grow some, and there will be puts and takes just like if the financial industry. The financial industry had some consolidation. Won some, lost some. At the end of the day, we don't think it's a big issue for us.

Operator

Your next question will come from the line of Lisa Gill with JP Morgan.

Lisa Gill - JPMorgan - Analyst

Thank you very much. Thanks Tom for the detail today. Just a couple of quick questions. When we think about the PBM, and think about the fact that next year should be net neutral on the winning -- the selling season. Just as a follow up to Tom's question, it appears you won more mail. Should we expect that there will be more profitability in 2009 around the PBM?

Forget revenue for a minute. Let's think about the profitability of the contracts you brought on. When you think about 2009, are we seeing changes in plan design at this point around mandatory mail, around specialty pharmacy and other areas that could also enhance profitability? And then lastly, when we think about where you are on private label, where can it go to? It's added a little over 15% at this point. Realistically, where do you think it can get in the next couple of years, especially if the economy stays where it is?

Tom Ryan - CVS Caremark Corporation - CEO

I will take the three questions. Start the last one and go back up. Our private labels is about 15% plus. We think it can grow 18% to 20%. In our private label, we include the proprietary brands, like Fitness or all the other -- Nuprin or all the other brands that we carry.

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Our merchants and operators have done a great job finding these unique brands. To your point, a consumer who is really brand-loyal in this economy, has tried private label and we think the quality of our private label is good and they will come back and use it. We continue to see that growing. On the — as far as plan design, we are getting some uptake on this Maintenance Choice obviously. We are seeing it — seeing companies maybe look to some limited networks, not quite as much. But more on the maintenance mandatory mail piece of the business, we think that the clients are reaching out for that and looking for new ways.

Everybody is under pressure, looking to reduce costs. Looking to find new ways that they can engage their consumer, engage their employee. That's our model. We are trying to make sure that we engage those employees and engage the benefit manager in this discussion. That's why we are using the Extra Care health card.

We're focusing on mailings on diseased states. We're giving them discounts on over-the-counter items, and looking for new ways to save money and reduce their overall health care costs. We do think there is some movement in some of these planned designs.

As far as the PBM, I mentioned it earlier to Tom, that we obviously have a higher portion of our clients that use mail. We should see more mail penetration, but I'm not going to give guidance on the PBM yet. We will give that later, as we alluded to in February.

Lisa Gill - JPMorgan - Analyst

Can you give us an idea as far as the other programs that are better margined -- specialty. Were you able to sell through in specialty to some of the accounts that you brought on?

Tom Ryan - CVS Caremark Corporation - CEO

Either specialty -- we sell our specialty book of business across. We've had success selling the Caremark specialty business across our old PharmaCare business. There is some uptake on that. There is uptake on the other programs that we are putting in.

This is about -- you can see -- you look at our intercompany elimination on a revenue standpoint, it's increased. It's increased because we are gaining more share of the PBM client spend in total CVS Caremark, whether on the mail side -- in this case, it's on the retail side. Overall, we think net/net is beneficial for the Corporation. We will give you the guidance on a go-forward basis.

Operator

Next question will come from the line of Ed Kelly with Credit Suisse.

Ed Kelly - Credit Suisse - Analyst

Good morning. Looks like your September front end comp was up 4% if you back into the numbers. The question really is, is that right? Clearly it's very good relative to competitors. Could you help us understand what you think is driving that.

Tom Ryan - CVS Caremark Corporation - CEO

We think that obviously our promotional strategy, our Extra Care loyalty card program, our execution in the stores, our private label product -- we continue to take share when you look around at our competitive set. It's about store hours, being in stock, blocking and tackling that our front end sales -- our front end comps are where they are today. We just -- it's doing retail detail.

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Our merchants, marketing team and operations group have just done a good job. Our customer service metrics at retail are the highest they've ever been. The consumer is obviously trying to combine their shopping patterns. They're trying to save on gas. We are close to the majority of our consumers. Don't forget, our average ring is only about \$11 in the front end of our store so consumers are reaching out to what we have in the store.

Ed Kelly - Credit Suisse - Analyst

I know you don't typically give '09 guidance this early, but could you help us out qualitatively, given the economic concerns. How confident are you that your current retail strength will continue into next year?

Tom Ryan - CVS Caremark Corporation - CEO

We don't give out the guidance, but I think you can tell for now, we feel good about our business on the retail side. You mentioned the front end of our business, if you look at our numbers and look at where we are -- I can't predict the economy. Who knows what's going to happen with unemployment. If unemployment goes to 12%, you've got a different ball game. If it stays at 8%, that's another story. Given that where we are, vis-a-vis our peers, and where we are in the market, we feel pretty good about our retail front end sales.

Ed Kelly - Credit Suisse - Analyst

Thank you.

Operator

Your next question will come from the line of David Neil with Morgan Stanley.

David Neil - Morgan Stanley - Analyst

Appreciate the commentary on the part D plan. I wonder if you could put it in to context for us. If it's going to be up slightly in terms of profitability next year, what was the comparison '06 to '07. Was it down year-over-year?

Tom Ryan - CVS Caremark Corporation - CEO

It was up '07 to '06.

David Neil - Morgan Stanley - Analyst

If you look at Longs PDP and Silver Script PDP, how did those track as you weather the bid process -- track relative to your expectations?

Tom Ryan - CVS Caremark Corporation - CEO

Longs actually changed some of their bidding in '08. Some of the changes that we made in '09 for the '09 season, they actually changed them for the '08 bidding season. Right now, we are pretty close to each other. We track to our expectations, both ours and theirs.

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David Neil - Morgan Stanley - Analyst

Okay. Just one last question. There has been chatter in the industry that Walgreens bought a tremendous number of files from independents. Are you seeing a up take in file buying activity?

Tom Ryan - CVS Caremark Corporation - CEO

Not -- no not significant. We have been doing file buys for a number of years. I think that's obviously an opportunity on a go forward basis. The independents that are out there -- left are obviously the better ones.

The price of poker has gone up for the file buys; there is still great returns. Given the economy and what is happening, size and scale are important. I think we are going to have opportunities going forward on file buys. We haven't seen any significant uptake of quarter to quarter.

David Neil - Morgan Stanley - Analyst

Appreciate the comments.

Tom Ryan - CVS Caremark Corporation - CEO

Thanks.

Operator

Your next question will come from the line of John Heinbockel with Goldman Sachs.

John Heinbockel - Goldman Sachs - CAO

How much opportunity is there in skew rationalization at the front in and in general, doing a better job of reducing working capital and inventory and having that drive our line a little bit more.

Tom Ryan - CVS Caremark Corporation - CEO

It's a on going process for us. We continue to do it. Our front end business stores are smaller than our number two competitor. We done some rationalization over the years. It's a continuing process.

We have opportunities at Longs. Longs had started that process, we will continue it. We are always looking at the profitability and the productivity of our own stores and core stores. We will continue to do it. There will be some opportunities on a go forward basis.

John Heinbockel - Goldman Sachs - CAO

Where do you guys think you can get inventory turned to. You've had goals in the past and you've met most of those. Can you improve turns another full turn or more or where can that go to?

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Tom Ryan - CVS Caremark Corporation - CEO

We are continually working on the turns. A significant amount of products in our stores, less than a piece a week. You have to have a full assortment.

The classic example is beauty and skin care, we focus a lot on beauty and skin care, because that's our retail customer. You can't just have the top four shades. You have to have a lot of inventory in those items for shelf presentation, and for the consumer to feel like you're deep in that category. Having said that, I think we have opportunities in both the pharmacy and also the front end of our store. Over time, we can get it up over five times.

John Heinbockel - Goldman Sachs - CAO

Thanks.

Operator

Next question will come from the line of Robert Willoughby with Banc of America Securities.

Robert Willoughby - Banc of America Securities - Analyst

Do you break out the percent of your PBM revenues that are tied to the medicare program in the aggregate? Looking at the mail scripts, it looks like even adjusted for FAB, it was off a bit sharper sequentially than what we saw in the second and the first which would be opposite to trend I would have expected. Is there some evidence -- is that the evidence that you are moving share to that retail environment or is there something else afoot there?

Tom Ryan - CVS Caremark Corporation - CEO

We don't break out the PBM -- Med D business on the PBM side. As far as the mail business goes, mail utilization is being impacted like retail. We've got changes from the -- in the [Zyrtec] changes. Our growth -- FEP growth in the third quarter of '07 was -- impacted us and so we are comparing it to that. Comparing the '08, '07 growth to the '07 growth. Our mail business is tracking where we are.

If you look at our top players our mail business, top clients -- our mail business is growing. Then obviously the impact of generics and also drops the mail sales. The mail business across the country is feeling the same pressure that the retail scripts are.

It impacts them both. We have the added comparison on the FEP growth that we have. Does that answer your question?

Robert Willoughby - Banc of America Securities - Analyst

Yes, I guess so. It's not a severe drop off. I would expect a nominal increase. It's not severe enough to make too much noise about. Did you break out a mail penetration for your medicare book of business? That would tick up over time, no?

Tom Ryan - CVS Caremark Corporation - CEO

No. It's not that significant for that group. It may be over time as the government looks to change things, but now it's not that significant.

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Robert Willoughby - Banc of America Securities - Analyst

Okay. Thank you.

Operator

Your next question will come from the line of Deborah Weinswig with Citi.

Deborah Weinswig - Citigroup - Analyst

Good morning. Can you talk about the beauty business and specifically, beauty 360?

Tom Ryan - CVS Caremark Corporation - CEO

Sure. We continue to grow share in our beauty business. Even in this economy, our beauty business is up; slowed a little because of the economy. If you look at the share of the beauty business, we continue to grow share faster than our competitors. Once again, our teams have done a great job in merchandising and marketing of unique products and also, the in store customer experience. We are testing two stores and I reiterate this is a test, to see if we can get a different mix of products in our stores that are currently not available perhaps in retail drugstores.

We are going to try one on the East Coast, one on the West Coast and maybe a few in the Longs acquisitions, because they have the customers that we want and also have the size of the store we can do it in. It's early. Actually we are having a grand opening in one of our stores next -- this Monday coming up in DC. We got the attention of some manufacturers -- and looking at it and we're seeing the opportunity.

For us, the issue is how big can it be. A company our size, it's got to be material -- either add -- another reason for the consumer to shop our store or be significant on a standalone basis. That's what we are going to measure.

Deborah Weinswig - Citigroup - Analyst

Best of luck.

Operator

Your next question will come from the line of Matt Perry with Wachovia Capital Markets.

Matt Perry - Wachovia Securities - Analyst

Good morning. First question, you talked about your Medicare part D business running behind plan in '08, and raising the prices in '09. You mentioned you expect to pick up some dual eligibles in '09. Some of the HMO's have had the problems making that dual eligible population work for them and profitable. I'm wondering how you feel about taking on those numbers in '09. Did your price increases also -- or benefit changes also include any kind of formulary design changes?

Tom Ryan - CVS Caremark Corporation - CEO

Compared to some of our managed care players in the marketplace, we actually make money on the duels. We make it significantly because of our PBM. Keep in mind, we've got the Med D, the Silver Script, this is the insurance part. And then, we have the PBM

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business with services -- Silver Script and that makes up our total Med D business. Sometimes what happens in the managed care players, they are looking at just the insurance part of the business. We look at obviously have two components. It's pretty profitable for us. It's reasonable. It's obviously saving the consumer money.

In the marketplace, I think it shows that the free market worked in this Med D environment. People are bidding it. Companies are bidding it. The government is getting the benefit of it and the consumers are benefiting from it. From our standpoint, it's a profitable business over all -- Med D business over all. You can't separate the two pieces, you have to look at it overall for us.

Matt Perry - Wachovia Securities - Analyst

Then second question, maybe it's premature to give a full answer to this. You talked about the Extra Care card, going to some of the Caremark PBM customers. Have you noticed among those customers who have picked up that card, can you give numbers behind maybe what percentage or more scripts they might fill in CVS stores now versus before?

Tom Ryan - CVS Caremark Corporation - CEO

I don't want to break out the numbers, but we have 4 million we are going to roll 6 million out in '09. We wouldn't be doing that if it wasn't positive for the Company.

Matt Perry - Wachovia Securities - Analyst

Thank you.

Operator

The next question comes from the line of Eric Bosshard with Cleveland Research.

Eric Bosshard - Cleveland Research - Analyst

Good morning. Retail profits growth in the quarter was 30% and last quarter 20%. Can you just -- cycled most of the buying synergies from putting the businesses together. Can you give more color behind how your generating such sizable profit growth out of the retail business and sustainability of that as well?

Tom Ryan - CVS Caremark Corporation - CEO

I'm going to give that to David.

Dave Rickard - CVS Caremark Corporation - CFO

Thank you, Tom. The profitability at retail has improved as we have seen better gross margins on each piece of that business. We have had a continuing drive to contain SG&A costs that's been increasingly successful.

We have seen generic drugs come in to the market more importantly, in quarter three and earlier in the year. Obviously, we are getting the wrap around of the generics from earlier in the year. And as Tom pointed out in his remarks, increasing penetration of private label in the front store part of our business. Private label is decidedly more profitable than the related branded items. All of those things have been very beneficial and obviously, we are running at the full level of synergies now. In comparison with last year, we had quite a lot in the third quarter of last year as well.

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Tom Ryan - CVS Caremark Corporation - CEO

You got a combination, right? We keep getting profitable. We're managing our gross margins in the front end. You've got better shrink improvement. You get better generic penetration, better private label penetration. We've got the synergies that are the full impact of the synergies in the quarter versus last quarter.

Eric Bosshard - Cleveland Research - Analyst

Can you comment about the sustainability of growing profits.

Tom Ryan - CVS Caremark Corporation - CEO

In the front end?

Eric Bosshard - Cleveland Research - Analyst

Yes. (inaudible)

Dave Rickard - CVS Caremark Corporation - CFO

I wouldn't expect 30% growth forever.

Tom Ryan - CVS Caremark Corporation - CEO

Listen, this is -- we have pretty decent margins in the front end of the business and in the pharmacy end. We are doing it basically on our ability to buy. We're doing it on our ability to maintain a low SG&A. We're driving generics.

But I wouldn't -- you don't expect to see those kinds of increases. A lot of that was the synergies. We don't back up and feel bad about our margins in the retail side of our business, we think they're pretty good. They are holding their own. In this environment, they are real good.

Eric Bosshard - Cleveland Research - Analyst

Secondly, if I could on Longs. Could you help me -- perhaps explain the difference in the dilution in '09 and accretion in 2010. What's the assumed change between those years? Wondering if within '09 if there are some integration expenses that impact the contribution of the business.

Dave Rickard - CVS Caremark Corporation - CFO

There certainly are. If you think about it from a modeling standpoint for a minute, the one time and integration costs happen in the first year. But in this case, we are closing at the end of October. We're picking up two months in '08 and ten months of the first year in '09. That's why you are seeing two periods of delusion. There are integration expenses.

First of all, there are transaction costs that include legal banking, severance cost, change of control costs, 280G costs, retention bonuses, stuff like that; some of which goes to the P&L, some of which goes to goodwill. That aggregates in this case, something over \$200 million. Some of that will be in '08. Some of that will be in '09.

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We've got iteration costs that aggregate in this case something over \$100 million that will go on mostly in 2009. Those things are affecting those comparisons. If you strip those out, you would see a very very different picture in terms of the kinds of EPS performance that we would be projecting.

Tom Ryan - CVS Caremark Corporation - CEO

Three more questions.

Operator

The next question will come from the line of Meredith Adler with Barclays. Meredith, your line is open.

Meredith Adler - Barclays Capital - Analyst

I'd like to go back and talk about the PBM. At the end of the second quarter, there was net new business that had been won. Most of what was going to come in the third quarter was related to smaller contracts. Could you talk a little bit about what happened. Did you not win as much new small business? Because you have some net new business in the second quarter, something must have been lost. I don't expect you to name specific contracts, but talk about what happened between second and third quarters?

Tom Ryan - CVS Caremark Corporation - CEO

I'm not clear on the question, Meredith. We had some losses obviously, but we had more wins than losses. I might misunderstand your question.

Meredith Adler - Barclays Capital - Analyst

I thought you said net new business for '09 would be flat.

Tom Ryan - CVS Caremark Corporation - CEO

Net new revenue on a revenue basis. But actually, you think about -- you lose Coventry and Med D business which was a big number. You have Empire which was announced a year ago with the Well Point deal. From that standpoint, you had two or three accounts that were pretty large. We also had the added 90 accounts. We signed up more accounts than we lost -- significantly more than we lost. On a revenue basis, it's net/net.

Meredith Adler - Barclays Capital - Analyst

I wasn't -- maybe I'm getting this wrong. But I did think that revenues were at the end of the second quarter net up even after Coventry and Empire.

Dave Rickard - CVS Caremark Corporation - CFO

We actually only commented on the first 12 months revenue that we captured within the selling season. We tried to be clear that that was not the same as impact on 2009. We wanted to see the play out of the rest of it before we gave you 2009.

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Meredith Adler - Barclays Capital - Analyst

Okay. I think the only other question is, I know there were -- someone else asked this question about scripts. Especially now scripts -- but could you talk about are you watching closely what is happening in terms of layoffs or impact on some of your largest corporate customers, and what that might be doing to the PBM business. Is there any indication to you that we are seeing an accelerated pace of layoffs that's going to impact -- and obviously impact retail as well -- retail pharmacy?

Tom Ryan - CVS Caremark Corporation - CEO

Yes. As I said earlier, the items that I eluded to around -- the reasons for the slowdown in prescription growth, applied to the mail business; the Zyrtecs, the therapeutic classes around drugs that have had black box warnings, et cetera, whether it's the diabetic drugs or antidepressants. We haven't seen -- it's an economic issue. There is some stretching as I said earlier, there are some people that are self medicating. We haven't seen a significant loss on the layoff piece yet.

Obviously we will track it. As companies begin to layoff, and what happens to their benefit. How long do they keep it on Cobra. When can they keep getting the prescriptions. We haven't seen a significant piece of the business right now laying off, but we do follow it and track it closely.

Meredith Adler - Barclays Capital - Analyst

Would there be any intention to communicate some of what you are seeing in '09?

Tom Ryan - CVS Caremark Corporation - CEO

Yes. Sure. Absolutely. If we can quantify it. It's just that the numbers get so big. A few companies have layoffs -- 1% of the working force. What's the direct impact on scripts for that. It's hard. We can give you something directionally about it, but it's hard to give you real numbers.

Meredith Adler - Barclays Capital - Analyst

One final question. When you talk about profitability in the retail business, there wasn't any mention of support from vendors. I was wondering whether you're finding the Extra Care card is something vendors are continuing to like or liking it more than they used to and is that helping profitability.

Tom Ryan - CVS Caremark Corporation - CEO

Vendors -- that's one of the reasons the Extra Care card has been so successful. It keeps getting better and better because the vendors aren't just going to give us the money if they are not seeing share growth in their own products. What we've done with technology and portals where the vendor can get in and look at the data, they are thrilled with it and they can target markets better than they can before. Readership is down in newspapers and it's a challenge. It's a challenge whether it's TV or newspapers to get consumers and breakthrough the noise in the market place. What we're doing with the Extra Care card is helping them. They like it and continue to support it.

Meredith Adler - Barclays Capital - Analyst

Thank you very much.

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Operator

Your next question from the line of Neil Currie with UBS.

Neil Currie - UBS - Analyst

Good morning, and thank you for taking my questions. First of all, you commented on the OTC impact on pharmacy comps. I wonder if you could comment on the OTC impact on front end sales and also the private label penetration.

Tom Ryan - CVS Caremark Corporation - CEO

As I said, we are seeing them. In our cough and cold business -- is up double digit year-to-date. We're seeing the health care category on the OTC side up and private label up. People are --, they are self medicating. They are trying I think -- because the economy has forced -- I guess it's called economic step therapy. Before they go to the emergency room or go to the doctor, they are going to try to self medicate.

That's the first step therapy. When they do it now they are trying our private label products. We are seeing growth there. As I said, I think it's for that reason.

Neil Currie - UBS - Analyst

Can you place a number on that for us?

Tom Ryan - CVS Caremark Corporation - CEO

It's up. It's up in this environment. Our front end comps are strong, but these are even stronger. We haven't -- there's a fair amount of cough and cold activity, but we can't quantify it.

Neil Currie - UBS - Analyst

Secondly, I know that December is a relatively easy comparison, because last year December comps was impacted by seasonal sales. Normally in December, the seasonal percentage goes up quite significantly. This is going to be a pretty awful December for retail. I'm surprised how confident you are -- for comps for the final quarter. Can you give us some flavor as to why you're so confident on comps and what you expect for December?

Tom Ryan - CVS Caremark Corporation - CEO

One is the comparison, we have an easier comparison to LY. Two, we are taking share now in these quarters in a bad environment and a bad economic environment. I believe we will continue to take share in the fourth quarter in this economic environment. Three, I think our merchants and operators have done a great job in the buy.

Now, once again we have small ticket items. We are a last minute shopping spot for the season. Our price points are right. I'm optimistic about it. But listen, if everything goes to hell in a hand basket in December for some reason, obviously that will change. I think the comparisons weren't as easy, Neil, maybe wouldn't be as optimistic. When you take all three, the comparison and the share growth that we're taking, and how we position the merchandising and sales plan, I think I feel pretty good about it.

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Neil Currie - UBS - Analyst

Quick last one. The sale on lease back of Longs, any changes to the assumptions you made at the time of the announcements of the acquisition and the timing of it?

Tom Ryan - CVS Caremark Corporation - CEO

No. Other than -- I think we said in the acquisition, we don't have to run out and do these sale lease backs. We're not under pressure to do it. David alluded to it a little earlier. We don't have to -- we can hold onto these things and when the real estate market recovers, we will do it appropriately. We are in no rush. Nothing else has changed. We still feel great about the real estate we are going to have. One more.

Operator

There are no further questions.

Tom Ryan - CVS Caremark Corporation - CEO

Thank you all. If you have any further questions, you can call Nancy Christal. Thank you.

Operator

Ladies and gentlemen, this does conclude the CVS Caremark third quarter earnings conference call. You may now disconnect

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